STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

OPINION NO. 99-9

CASE 95-C-0657 - Joint Complaint of AT&T Communications of New York, Inc., MCI Telecommunications Corporation, WorldCom, Inc. d/b/a LDDS WorldCom and the Empire Association of Long Distance Telephone Companies, Inc. Against New York Telephone Company Concerning Wholesale Provisioning of Local Exchange Service by New York Telephone Company and Sections of New York Telephone's Tariff No. 900.

CASE 94-C-0095 - Proceeding on Motion of the Commission to Examine Issues Related to the Continuing Provision of Universal Service and to Develop a Regulatory Framework for the Transition to Competition in the Local Exchange Market.

CASE 91-C-1174 - Proceeding on Motion of the Commission Regarding Comparably Efficient Interconnection Arrangements for Residential and Business Links.

CASE 96-C-0036 - Complaint of AT&T Communications of New York, Inc. Against New York Telephone Company Concerning AT&T's Request for Four Collocated "Cages" to be Provided by New York Telephone Pursuant to its Optical Transport Interconnection Service II ("OTIS-II") Tariff.

OPINION AND ORDER GRANTING IN PART AND
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Issued and Effective: July 26, 1999

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COMMISSIONERS:

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OPINION NO. 99-9

OPINION AND ORDER GRANTING IN PART AND
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(Issued and Effective July 26, 1999)

BY THE COMMISSION:

INTRODUCTION

On February 22, 1999, we issued the Phase 3 Opinion in these proceedings,[1] setting rates for a variety of unbundled network elements provided by New York Telephone Company d/b/a Bell Atlantic-New York (Bell Atlantic-New York) and for physical and virtual collocation. AT&T Communications of New York, Inc. (AT&T) has petitioned for rehearing of various non-collocation aspects of that opinion, and AT&T and MCI WorldCom, Inc. (MCI; jointly, AT&T/MCI) have jointly petitioned for rehearing with respect to collocation matters. Bell Atlantic-New York has responded to each petition.[2] For the reasons described in this opinion, the petition with regard to non-collocation issues is denied and the petition with regard to collocation issues is granted in part.

NON-COLLOCATION ISSUES

Charges for Installation Field Dispatch and Directory Assistance Direct Access

1. Background

In Phase 3, Bell Atlantic-New York presented several non-recurring costs (NRCs; the abbreviation refers as well to the non-recurring charges reflecting those costs) in addition to those considered in Phase 2 and, in general, improved its supporting presentation over what it had offered in Phase 2. One NRC, for installation field dispatch, was particularly well supported; nevertheless, the Administrative Law Judge noted in his recommended decision, Bell Atlantic-New York had failed to meet the threshold requirement of showing why the costs at issue

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[1] Cases 95-C-0657 et al., First Network Elements Proceeding, Opinion No. 99-4 (issued February 22, 1999).

[2] Bell Atlantic-New York's two responses are separate documents. Each is cited as "Bell Atlantic-New York's Response"; it will be clear from context which is intended.

had not been claimed in earlier phases of the proceedings.[3] The Judge therefore recommended disallowance of the charge unless Bell Atlantic-New York, "in its brief on exceptions, [could] adequately explain its omission from Phase 2 or show why the costs should be allowed despite that omission."[4]

On exceptions, Bell Atlantic-New York pointed to the policy underlying the threshold requirement--i.e., the importance of apprising CLECs early of all charges they could expect to confront other than those that could not reasonably be anticipated--and recounted in some detail the repeated instances in which CLECs had received notice of its intention to impose the charge at issue even though its Phase 2 evidentiary presentation had been unclear on the point. We allowed the charge, reasoning as follows:

> As AT&T correctly maintains, [Bell Atlantic-New York] has offered no satisfactory explanation of its failure to include this item in its Phase 2 filing; indeed, it has not even tried to do so. But what it has offered is a reasonably persuasive claim that its failure should be seen as harmless error, given the requirement's underlying substantive purpose (beyond avoiding double counting, not at issue here) of notifying the CLECs of the charges they could expect to confront, and the extent to which they were so notified in other contexts. That makes the decision a difficult one, for outright denial of the costs, whose reality is not in dispute, would indeed be punitive. As a general rule, a party's failure to meet a procedural requirement should incur some adverse consequences; but [Bell Atlantic-New York's] technical lapse in this instance does not warrant so heavy a sanction as outright denial of the charge, given the substantial

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[3] That requirement had been imposed in an earlier ruling. Cases 95-C-0657 et al., Ruling Clarifying Scope of Filing (issued January 21, 1997), p. 4.

[4] R.D., p. 59.

> likelihood that CLECs were not prejudiced by it. No record basis exists, however, for imposing any lesser sanction. On balance, and taking account of all these conflicting considerations, the charge is approved.[5]

A similar issue arose in connection with Directory Assistance Direct Access (DADA) costs. The Judge found the costs substantively supported but expressed some wonder about why Bell Atlantic-New York had not claimed them in Phase 2; he suggested it clarify the matter in its brief on exceptions. Bell Atlantic-New York presented similar arguments; and, satisfied that the omission of the costs from Phase 2 was harmless error, we allowed the charge.

2. AT&T's Petition

Pointing to our recognition in both instances that the omission of the costs from Phase 2 had not been explained, AT&T disputes the use of the "harmless error" standard to allow the costs despite that failing. It charges that doing so gives Bell Atlantic-New York a "free pass"[6] and vitiates any incentive to comply with procedural requirements. Given the magnitude and significance of the installation field dispatch NRC (and the notice of its impending imposition supposedly given to CLECs), AT&T continues, it is hard to understand how its omission from Bell Atlantic-New York's Phase 2 presentation could have been inadvertent.

AT&T challenges as well, as a matter of law, our reference to the absence of any record basis for a sanction short of total disallowance. In its view, the issue is not one of an adjustment to be applied on the basis of record evidence; rather, it is one of what penalty should be applied for a failure to

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[5] Phase 3 Opinion, mimeo pp. 17-18.

[6] AT&T's Petition, p. 4.

comply with stated procedural requirements. AT&T continues to regard total disallowance as the proper penalty; but it asserts that partial disallowance is available as well, without need of additional record evidence, if we should consider full disallowance to be too severe. It maintains that "having determined that [Bell Atlantic-New York] is guilty as charged in this particular instance, the Commission should certainly exercise its discretion in imposing at least some penalty . . . for this failing. If it does not do so, the likelihood of future such failures by [Bell Atlantic-New York] increases."[7]

AT&T adds that similar arguments apply to the DADA costs.

3. Bell Atlantic-New York's Response

Bell Atlantic-New York responds that AT&T's petition merely repeats arguments already made and rejected. It stresses that the costs at issue are real and supported by the record and notes that AT&T does not challenge those conclusions. Reiterating its argument that the CLECs had been made aware of its intention to impose the charges, it contends that disallowance of the costs, in whole or in part, would be merely a punitive measure that would not advance the policy of providing CLECs adequate notice of the costs they could expect to incur.

4. Discussion and Conclusion

As Bell Atlantic-New York suggests, AT&T's petition presents no new arguments warranting reconsideration of our decisions regarding installation field dispatch and DADA. (AT&T's characterization of the "harmless error" criterion as an "error of law" may be new in form, inasmuch as the criterion had not been enunciated in those terms before the reference to it in the Phase 3 Opinion; but the underlying arguments are those

[7] Ibid., p. 7.

presented by AT&T in its reply brief on exceptions.) Our disposition of the issue remains sound, and the petition is denied on this point.

Special Pension Expense

In what we termed "the latest manifestation of a matter having a long history,"[8] Bell Atlantic-New York sought to recover some $387 million of special pension enhancement expense growing out of its having offered, in 1995, enhanced retirement benefits in order to achieve workforce reductions. Denying Bell Atlantic-New York's exception, we adopted the Judge's recommendation to continue to disallow the item on both procedural and substantive grounds (including untimeliness), but we added that "the issue may be considered anew in the upcoming re-examination of network element rates,[9] subject to the understanding that the effect of any such consideration would be prospective only."[10]

In its petition, AT&T challenges what it sees as the "inexplicable" invitation to relitigate this issue in the new proceeding. It contends that allowing Bell Atlantic-New York to raise the issue anew in the Second Network Elements Proceeding is inconsistent with the basis on which the cost was rejected in Phase 3, namely, the failure to have claimed it sooner. AT&T takes no comfort from the statement that the effect of any further consideration of the cost would be prospective only, regarding that condition as unclear in its import, and suggesting that Bell Atlantic-New York would nevertheless attempt to recover the full amount of the hitherto disallowed cost. It asks us to preclude Bell Atlantic-New York from ever returning to the issue.

In response, Bell Atlantic-New York reiterates its

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[8] Phase 3 Opinion, mimeo p. 21.

[9] Now Case 98-C-1357, Second Network Elements Proceeding.

[10] Phase 3 Opinion, mimeo p. 22.

arguments for recovery of the costs, though it disavows any request for rehearing of the Phase 3 decision to deny them. It nevertheless asserts that we have made no substantive finding that the cost is unrecoverable or is being elsewhere recovered, and it insists there is no reason to preclude its consideration in the new proceeding's plenary reexamination of network element rates.

AT&T has shown no error in our determination. Disallowance of the cost on the basis of the Phase 3 record need not preclude Bell Atlantic-New York from raising the matter again in the new proceeding. Bell Atlantic-New York bears the burden of showing that allowance of the item would be procedurally and substantively proper, but there is no reason to prevent it from attempting to carry that burden. The petition for rehearing is denied on this point.

COLLOCATION ISSUES

Introduction

In the Phase 3 Opinion, we set rates for physical and virtual collocation. In general, we adopted as a starting point the costing model submitted by AT&T/MCI, but in several instances we found Bell Atlantic-New York's inputs more persuasive than AT&T/MCI's and inserted them into the AT&T/MCI Model. Prominent among those inputs was electric power cost, the principal issue raised in the AT&T/MCI petition. The petition challenges as well the manner in which another Bell Atlantic-New York input was factored into the AT&T/MCI Model and raises an additional issue that has become moot, at least for present purposes.

Power Costs

1. Overview

A collocation installation requires delivery of

negative[11] 48-volt direct current power, and the parties differed on how and at what cost that power would be provided in a forward-looking system. We accepted the recommended decision's findings that AT&T/MCI's power cost estimates were understated in several respects and that AT&T/MCI's criticisms of Bell Atlantic-New York's claimed power costs were largely unpersuasive. We therefore adopted Bell Atlantic-New York's per-amp estimate of these costs as the input to be used in the AT&T/MCI Model, except insofar as they had to be modified in light of the effects on central office and collocation cage configuration of the overall decision to use the AT&T/MCI Model as the starting point.

AT&T/MCI seek rehearing, alleging that the decision departs from the TELRIC[12] costing method and incorporates various errors of fact and law, including a failure to hold Bell Atlantic-New York to its burden of proof. AT&T/MCI would reduce the per-amp power cost from the $19.56 figure in the Phase 3 opinion to something in a range of from $4.83 (which they believe is the correct figure) to $8.00. Bell Atlantic-New York responds in defense of our decision.

2. AT&T/MCI's Petition

AT&T/MCI allege that because Bell Atlantic-New York's power cost estimates were based on data from its embedded facilities, "which are neither designed nor configured on a forward-looking, best practices basis to accommodate multi-carrier interconnections via collocation,"[13] their use improperly

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[11] The "negative" designation refers to the polarity of the power feed.

[12] "Total Element Long-Run Incremental Cost," the forward-looking costing method required by the Federal Communications Commission's (FCC's) network element pricing rules and consistently applied by us even while the FCC's rules, now reinstated, were vacated by the courts.

[13] AT&T/MCI's Petition, p. 6.

departs from TELRIC costing principles. They cite the statement in the recommended decision that ". . . the purposes of a TELRIC analysis include overcoming the need to rely on any one company's processes and associated costs--unless that company has persuasively shown them to be forward-looking best practices, something [Bell Atlantic-New York] has not done,"[14] as well as our observation that Bell Atlantic-New York's actual costs need not necessarily be recovered in a TELRIC analysis, inasmuch as they "reflect the historical configuration of the [incumbent carrier's] system, pre-dating any expectation that central offices would be designed for multiple occupancy."[15] In view of those statements, AT&T/MCI continue, Bell Atlantic-New York has a clear obligation to show that its experience is consistent with forward-looking best practices; and, they say, by accepting Bell Atlantic-New York's estimate of power costs in the absence of any such showing, we have improperly relieved it of that obligation.

AT&T/MCI challenge as well our reliance on Bell Atlantic-New York's effort to substantiate the reasonableness of its power cost estimate by comparing it to the costs associated with a recent AT&T power plant installation in White Plains.[16] We summarized the point as follows, then going on to find that Bell Atlantic-New York had persuasively responded to AT&T/MCI's exceptions:

> . . . the Judge found that [Bell Atlantic-New York's] comparison of its power costs with those of the AT&T power plant "though not conclusive, provides a degree of assurance

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[14] R.D., p. 108.

[15] Phase 3 Opinion, mimeo p. 54.

[16] Much of the data underlying this issue is proprietary, and Bell Atlantic-New York has submitted proprietary and redacted versions of its response to the AT&T/MCI petition. The petition itself avoids mention of proprietary information, as does this opinion.

> that its costs are not excessive." AT&T/MCI contend that the comparison is inapposite, inasmuch as the AT&T plant contained two control bays while the [Bell Atlantic-New York] plants that were studied contained only one, which should have made [them] less costly. With regard to whether the AT&T installation consists of one plant or two, [Bell Atlantic-New York] continues to maintain that two control bays may be installed in a single power plant and that the presence of two bays in the AT&T data does not, accordingly, mean that there are two plants. More fundamentally, [Bell Atlantic-New York] maintains that because it compared unit investments, per amp, the number of control bays is of no import.[17]

In their petition, AT&T/MCI again claim the comparison is inapposite, for the AT&T White Plains installation is designed to be fully redundant, comprising two complete power plants of equal size; and they append a power engineer's affidavit to that effect. They explain that in a typical power plant installation, two cable leads, designated "A" and "B," are connected to a single power plant. If one of the leads were to be severed, the other would pick up the full load; but if the plant itself failed, there would be no backup protection. In a fully redundant installation, in contrast, separate plants provide power to the "A" load and the "B" load, and if one plant failed, the other would pick up the entire load. This more costly configuration, used only in the most critical facilities, requires that each plant never be loaded with more than 50% of its capacity, so it will be available as back-up if necessary.

Taking account of the full capacity of the AT&T power installation (i.e., the sum of the capacities of each of the two plants) AT&T/MCI compute, on the basis of information provided by AT&T in discovery (and "conservatively" incorporating an additional $400,000 for a stand-by generator, rather than the

[17] Ibid., mimeo pp. 61-62, citation omitted.

smaller amount included in the AT&T/MCI Model), a monthly per-amp cost of $7.32. This figure exceeds the $4.83 suggested by the AT&T/MCI Model and still advocated by AT&T/MCI, but they would regard any figure between $4.83 and $8.00 (in contrast to Bell Atlantic-New York's estimate of $19.56) as within a range of reasonableness. AT&T/MCI assert that the AT&T plant is not forward-looking in the sense of being designed to accommodate multiple occupancy (suggesting a forward-looking plant would have costs that were lower still), but they regard its per-amp costs as instructive.

3. Bell Atlantic-New York's Response

Bell Atlantic-New York responds that its cost estimate is, in fact, forward-looking, for it is based not on the costs of past projects but on competitively bid prices for each component of the power plant. Those components and their configuration, it says, are essentially the same as those in the AT&T/MCI Model; the debate in the case, it continues, has been over the costs of the components and not over plant configuration. It adds that though AT&T/MCI claim the AT&T plant (built only last year) is not forward-looking, they have not shown that to be so.

As for the per-amp cost of the comparison plant, Bell Atlantic-New York vigorously challenges AT&T/MCI's calculations. Procedurally, it argues that AT&T/MCI are improperly raising new arguments and proffering new evidence, in the form of the power engineer's affidavit, and it asks the arguments be disregarded as untimely. Substantively, it argues that its use of the AT&T installation for comparison purposes is unaffected by the number of plants at the AT&T installation, inasmuch as the comparison pertains to costs per unit for various plant components and to the installation factor. Citing extensively to AT&T-proprietary material, it renews its claim that its unit cost is comparable to AT&T's, as is its installation factor; both, it insists, are unaffected by the number of plants installed. In addition, Bell

Atlantic-New York contends that AT&T/MCI's calculation of per-amp costs improperly divides total investment by total plant capacity, a procedure that "grossly understate[s] costs"[18] by disregarding the unique amperage ratings associated with the various plant components, some of which are lower than the plant's overall capacity.

Finally, Bell Atlantic-New York asserts that though we found the AT&T power plant data helpful, we based our power cost decision not on the comparison to the AT&T plant data but on a broader finding that the Bell Atlantic-New York presentation was better supported than AT&T/MCI's. Accordingly, it maintains, the record would contain overwhelming evidence in support of its view even if the AT&T comparison were disregarded.

4. Discussion and Conclusion

Notwithstanding AT&T/MCI's arguments to the contrary, Bell Atlantic-New York's power cost estimate was and remains adequately forward-looking to be relied on here. Its power plant configuration can provide multiple leads, suitable for multiple occupancy, per floor; and, like AT&T/MCI's, its analysis properly attempts to determine cost on the basis of power consumption, not occupancy. For the reasons described in the Phase 3 Opinion, we found Bell Atlantic-New York's analysis to be the better of the two, and AT&T/MCI's petition for rehearing presents no arguments showing any error in that determination.

In particular, Bell Atlantic-New York is correct in suggesting that the reference to the AT&T plant was at most a secondary, corroborative, aspect of our rationale. AT&T/MCI's critique of that reference is flawed for the reasons offered by Bell Atlantic-New York in response; but even if that were not the case, a failure of the comparison would not in itself warrant revisiting the determination.

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[18] Bell Atlantic-New York's Response, p. 9.

Accordingly, the petition for rehearing is denied in this respect.

Utilization Factors

1. Background and Arguments

Agreeing with the recommended decision, we adopted Bell Atlantic-New York's cable utilization factors of 26% to 52%, rather than the 80% to 85% factors incorporated in the AT&T/MCI Model. Bell Atlantic-New York had argued, among other things, that AT&T/MCI had used an "objective" utilization factor, at which augmentation of facilities would be needed, rather than an "average" utilization factor; and the recommended decision found the arguments in support of an average factor persuasive.

In its reply brief on exceptions, Bell Atlantic-New York noted that the AT&T/MCI Model, as run by Staff to produce the rates set forth in the recommended decision, appeared to have inadvertently eliminated utilization factors altogether instead of incorporating the Bell Atlantic-New York utilization factors that had been approved. Acknowledging the oversight, we undertook in the Phase 3 Opinion to adjust the rates to correct it.

In their petition for rehearing, AT&T/MCI note the earlier dispute over the proper utilization factors but no longer advocate use of the objective factors they earlier supported. Instead, they argue that the approved average factors were not properly reflected in the rates set in the Phase 3 Opinion and ask that the Model be re-run with several adjustments.

First, they object to the application of Bell Atlantic-New York's utilization factor for cable to racks and cable holes as well. We did so because Bell Atlantic-New York had provided no utilization factors specifically for racks and cable holes, inasmuch as its study was structured so as to require utilization factors only for cable and for cross-connections. The AT&T/MCI Model, however, does require utilization factors for racks and

cable holes, and, having adopted Bell Atlantic-New York's average utilization factors in concept, we applied to racks and cable holes the only Bell Atlantic-New York factor that was available. AT&T/MCI urge this flaw be remedied,[19] but they do not explicitly propose a way to do so.

Second, AT&T/MCI recompute the cable utilization factor as applied to cross-connections[20] to incorporate the 10-year useful life for cross-connections assumed in the AT&T/MCI Model. Their calculations produce utilization factors ranging from 43% to 59%, more than Bell Atlantic-New York's corresponding fill factors but still considerably less than the factors AT&T/MCI had earlier advocated; they ask that the Model be re-run accordingly. (They challenge as well Bell Atlantic-New York's assertedly unsupported claim that, in calculating utilization factors, one should rely exclusively on data from collocation arrangements existing for more than 24 months; but they appear to offer no adjustment to reflect an alternative view.)

Finally, AT&T/MCI charge error in implementation of the utilization factor with respect to investments for Digital Connection System (DCS)[21] cross-connects, asserting that a portion of that investment (the input/output modules, accounting for 50% of the total investment) is added only as and when needed rather than being purchased up-front and, therefore, should have a higher utilization rate. They calculate fill factors that comprise weighted averages of the Bell Atlantic-New York fill

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[19] AT&T/MCI's Petition, p. 13.

[20] The AT&T/MCI Model does not require utilization factors in the computation of cable costs themselves, which it treats as non-recurring, and the calculations in the Phase 3 Opinion so recognized.

[21] DCS is an electronic cross-connection technology, used with newer, higher-bandwidth connections. The more traditional technology, referred to as "DSX," requires manual cross-connections.

factor (after adjustment as noted above) applied to investment other than input/output modules and AT&T/MCI's original 85% factor applied to input/output modules. They ask that the Model be re-run to incorporate these revised fill factors.

Bell Atlantic-New York responds only that AT&T/MCI's assertedly erroneous utilization factor adjustments need not be addressed, inasmuch as Bell Atlantic-New York recently discovered that the rate structure in the Phase 3 Opinion obviates the application of utilization rates to DSX connections. It explains that these connections are now paid for when ordered; under the previous rate structure, in contrast, they were not paid for until used to provide service to an end-user.

2. Discussion and Conclusion

The issue is, indeed, moot with respect to DSX connections themselves (though not the associated cross-connect panels on which they are situated), for the reasons Bell Atlantic-New York notes. But AT&T/MCI's petition is broader, encompassing the panels associated with DSX cross-connections as well as utilization factors for racks and cable holes and for DCS cross-connections. Bell Atlantic-New York responds on none of those points, and the petition establishes a need to adjust the Phase 3 fill factor calculations (though not to modify our fundamental endorsement, which remains valid, of average rather than objective fill factors).

To begin with DSX connections, AT&T/MCI are correct that the premise of a ten-year useful life is consistent with their Model. The decision to use the AT&T/MCI Model as the starting point warrants adjusting the Bell Atlantic-New York utilization factors accordingly. As Bell Atlantic-New York points out, the matter is moot with respect to the DSX connection itself; but costing the associated panels still requires fill factors, and the adjustment should be made.

As noted, AT&T/MCI dispute the applicability to racks

and cable holes of utilization factors for cable itself but offer no alternative. They appear to suggest, however, that the cable utilization factors as adjusted in their consideration of DSX cross-connection fill factors could be applied to racks and cable holes, and that would be a reasonable result for present purposes. This is not to suggest that the cable fill factor is properly applied to racks and cable holes in principle; AT&T/MCI correctly argue it should not be. But on the existing record, the cable fill factor continues to be the only one available, and if it is adjusted upward in the context of cross-connections, as just recommended, it should be similarly adjusted upward for racks and cable holes, which, Staff advises, can always be expected to have higher fill factors than cross-connections.

Finally, AT&T/MCI's criticism with respect to DCS cross-connections is well taken in concept, and their calculations offer a reasonable method for applying it. (The 85% fill factor for input/output modules is not necessarily accurate, but it offers a reasonable estimate, for present purposes, of the very high fill factors likely to be associated with that equipment.) As noted, Bell Atlantic-New York does not respond to either the criticism or the calculation, and it is recommended that the proposed modification be adopted.

As the foregoing discussion suggests, fill factors have been and continue to be a knotty issue warranting further record development. The adjustments made here reflect our assessment of the best information currently available, but the matter should be examined further in the Second Network Elements Proceeding.

Revised collocation rates, incorporating the adjusted fill factors, are set forth in the Appendix.

Room Construction Costs

Adopting for the most part the recommended decision's treatment of the issue of room construction costs, we determined that these costs should be recovered on the basis of TELRIC estimates, as proposed by AT&T/MCI. In a departure from the recommended decision, however, we directed Bell Atlantic-New York to "propose, in its compliance filing, a carefully defined and suitably limited mechanism for dealing with significant over- or underrecovery of room construction costs in comparison with those that would have been recovered under [its own, actual cost individual-case-basis] method."[22] Bell Atlantic-New York included such a proposal in its Phase 3 compliance filing.

In their petition, AT&T/MCI object to inviting Bell Atlantic-New York to propose a true-up mechanism, raising various arguments against it. Bell Atlantic-New York replies to these arguments; but, more significantly for present purposes, it goes on to withdraw the true-up proposal, asserting that the administrative burdens and uncertainty associated with the true-up serve no party's interest. It suggests we therefore need not reach the substantive issues.

Because AT&T/MCI object in principle to the invitation to submit any true-up mechanism, Bell Atlantic-New York's withdrawal of its specific true-up proposal may not render the petition entirely moot. But it certainly obviates immediate consideration of the issue; and the petition on this point is denied, without prejudice to consideration of similar arguments in the context of any future proposals to which they might be relevant.

The Commission orders:

1. The petition for rehearing on non-collocation issues, submitted by AT&T Communications of New York, Inc., is denied.

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[22] Phase 3 Opinion, mimeo p. 56.

2. The petition for rehearing on collocation issues, submitted jointly by AT&T Communications of New York, Inc. and MCI WorldCom, Inc., is granted to the extent described in the foregoing opinion and is otherwise denied.

3. Within 15 days of the date of this opinion and order New York Telephone Company d/b/a Bell Atlantic-New York shall file tariff amendments consistent with this opinion and order. The tariff amendments may not take effect on a permanent basis until approved by the Commission but may go into effect on a temporary basis on one day's notice. For good cause shown, newspaper publication of the tariff amendments is waived.

4. These proceedings are continued.

By the Commission,

(SIGNED) DEBRA RENNER
Acting Secretary

(Supersedes Appendix B to Opinion No. 99-4)
Collocation Cost Study Element - Physical

Cage Construction		
Planning		
Initial Application	$7,508.00	per CLEC request
Subsequent Application	$6,898.00	per CLEC request
Augmentation		
Extension of Cage & Cable	$6,042.00	per CLEC request
Switchboard Cabling	$3,834.00	per CLEC request
Power Cabling	$3,834.00	per CLEC request
Cage Preparation	$417.71	per 300 sq. ft. cage, per month
	$222.52	per 100 sq. ft. cage, per month
	$141.31	per 25 sq. ft. cage, per month
	$18.24	per 20 sq. ft. addition, per month
HVAC	$7.03	per 10 amps, per month
Land & Buildings	$2,416.50	per 300 sq. ft. cage, per month
	$984.50	per 100 sq. ft. cage, per month
	$465.40	per 25 sq. ft. cage, per month
	$143.20	per 20 sq. ft. addition
Cable Racking	$32.11	per month
Power		
Greater than 60 amps	$19.56	per amp, per month
Less than or equal to 60 amps	$19.64	per amp, per month
AC Power	$2.03	per amp, per month
Voice Grade Circuits		
Connection to MDF		
Non-recurring	$1,499.35	per 100 circuits
Recurring	$14.35	per 100 circuits, per month

DS - 1 Circuits	
Connection to DCS	
Non-recurring	$2,103.03 per 28 circuits
Recurring	$400.47 per 28 circuits, per month
Connection to DSX	
Non-recurring	$2,103.03 per 28 circuits
Recurring	$24.77 per 28 circuits, per month
DS - 3 Circuits	
Connection to DCS	
Non-recurring	$521.29 per circuit
Recurring	$103.63 per circuit, per month
Connection to DSX	
Non-recurring	$521.29 per circuit
Recurring	$20.24 per circuit, per month
Optical Circuits	
Connection to FDF	
Non-recurring	$3,678.65 per cable
Recurring	$16.21 per cable, per month
Security Access	
Non-recurring	$90.79 per five card request
POT Bay Costs	
POT Bay Frame - Option 1	
Non-recurring	$902.22 per frame
Recurring	$7.34 per month
POT Bay Frame - Option 2	
Non-recurring	$355.22 per frame
Recurring	$15.47 per month

Collocation Cost Study Element - Virtual

Virtual Collocation

Planning		
Cabling plus Equipment	$14,505.79	per request
Cabling only	$12,320.29	per request
Land & Buildings	$12.44	per 1/4 of rack floor area and common area, per month
Relay Rack	$4.31	per 1/4 of rack, per month

Power (per ampere - Recurring)

Greater than 60 amps	$19.56	per amp, per month
Less than or equal to 60 amps	$19.64	per amp, per month
AC Power	$2.03	per amp, per month

Voice Grade Circuits

Non-recurring	$1,499.35	per 100 circuits
Recurring	$14.35	per 100 circuits, per month

DS - 1 Circuits

Connection to DCS		
Non-recurring	$2,103.03	per 28 circuits
Recurring	$400.47	per 28 circuits, per month
Connection to DSX		
Non-recurring	$2,103.03	per 28 circuits
Recurring	$24.77	per 28 circuits, per month

DS - 3 Circuits

Connection to DCS		
Non-recurring	$521.29	per circuit
Recurring	$103.63	per circuit, per month
Connection to DSX		
Non-recurring	$521.29	per circuit
Recurring	$20.24	per circuit, per month

Optical Circuits

Connection to FDF		
Non-recurring	$3,194.61	per cable

	Recurring	$16.21	per cable, per month

Virtual to Virtual Connection

Cable Racking Fiber	$0.29	per cable, per month
Cable Racking DS1, DS3	$0.23	per cable, per month
DS1 Connection	$828.47	per 28 circuits
DS3 Connection	$205.36	per circuit

Equipment Maintenance and Security Escort

Staffed/Not Staffed CO - Attended Hours or Normal Day		
Initial Charge Period	0.25	hour
Subsequent Charge Period	0.25	hour
Staffed/Not Staffed CO - Unattended Hours or Non-normal Day		
Initial Charge Period	4.0	hours
Subsequent Charge Period	0.25	hours

Escort services provided at a rate of $60.35 per hour

Adjustments to Collocation Cost Study

Base Model

Use AT&T/MCI model. In order to accomodate different cage sizes, the floor plan had to be modified.

Adjustments

For 300 sq. ft. cages, the individual cage size is 20' by 15', the collocation area size is 40' by 36.5' and the cage/common area layout is the same as the model.

For 100 sq. ft. cages, the individual cage size is 10' by 10', the collocation area size is 20' by 26.5', and is the AT&T/MCI model layout.

For 25 sq. ft. cages, the individual cage size is 5' by 5' with a common area of 4' by 20' for the POT bays. The 4' wide common space accomodates the depth of the POT bay and an aisle.

For the 20 sq. ft. addition, a 2' by 10' addition is made to an existing 10' by 10' cage, with reuse of the end wall. There is no need for an additional fire detector nor for contractor planning.

Power Costs

Use NYT per amp charge power costs.

Adjustment - Replace model output with: DC Power - per ampere greater than 60 amps: $19.56 per month, DC Power - per ampere less than or equal to 60 amperes: $19.64 per month.

Include NYT's cost for AC power of of $2.03 per ampere

Cable Lengths

Use AT&T/MCI model cage location and cable length assumptions.

Cage Construction Costs

Use NYT cage preparation costs for 100 sq. ft. cage, and adjusted as suggested in AT&T/MCI's Brief on Exceptions to exclude costs not properly includable in a TELRIC model.

Adjustment - Recalculated model's Cage Preparation Cost Elements using costs as noted above. Caging materials, tile, environment and electrical work were treated as variable per sq. ft. costs, while fire detection and planning costs were treated as fixed. Removed grounding output from model output as it is included in NYT preparation figures.

Use NYT hourly rates and manpower requirements as inputs for cage construction planning.

Adjustment - Classified model's ILEC Manpower Requirements and Virtual Manpower Requirements functions as CO, RE or TIS consistent with NYT analysis; apply associated NYT hourly rates. Separate reclassified functions b/w initial/ subsequent; apply ratio of NYT/AT&T hours per function to AT&T hours to incorporate NYT hours. Figures are per CLEC.

Escort Charge

Use NYT hourly CO Technician rate for virtual collocation escort rate.

Adjustment - Replaced model's unit cost in Virtual Collocation Equipment Maintenance and Security Escort to $60.35.

Labor Rates and Use of
Inputs from Earlier Phases

Use Case 95-C-0657 et. al. Phase 1 and Phase 2 data.

Adjustment - Updated model for 1995 ARMIS Data (changes CCFs). Used book depreciation lives as general input. Changed frame technician and splicer hourly inputs.

Cable Utilization factors

Use NYT factors.

Adjustment - Corrected oversight in the Recommended Decision and replaced model fill factors with appropriate NYT utilization rates. *** Modified in Rehearing Order.**

Adjustments to Collocation Cost Study

Installation Factor

Use NYT's Installation Factor of 1.6494.

Adjustment - Replaced the Collocation Connectivity Back-up components factor of 1.3.

Cable Racking Support

Use NYT linear per ft. cost for cable racking as model input.

Adjustment - Replaced model's cable racking cost per foot in Collocation Connectivity Back-up with NYT's revised figure of $13,260.00/300=$44.20 (WP 1.0 Part A Sect. 1 pg. 5/5 line 1).

Land Cost

Use NYT per sq. ft. land figure.

Adjustment - Replaced model's general input for land $20.00 with NYT figure $86.28.

POT Bay Costs

Use NYT estimates.